

**SPECIAL COUNCIL MEETING
CITY OF WATERTOWN
April 4, 2004
2:00 P.M.**

MAYOR JEFFREY A GRAHAM PRESIDING

PRESENT: **COUNCILMAN STEPHEN J. BRADLEY
COUNCILWOMAN ROXANNE M. BURNS
COUNCILMAN PETER L. CLOUGH
COUNCILMAN TIMOTHY R. LABOUF
MAYOR GRAHAM**

ALSO PRESENT: **CITY MANAGER MARY M. CORRIVEAU**

Mayor Graham opened the special meeting explaining that this meeting would be for the purpose of discussing the sales tax issue. Council members were supplied with a packet containing background material on the long-standing sales tax agreement between the City and the County, which was adopted in 1969. This agreement drives the current distribution.

Mrs. Corriveau reviewed the figures regarding the sales tax that had been collected and distributed since 1999. She also outlined the current distribution formula @ 4%, the increases to taxing jurisdiction @ 4% with current distribution formula and the distribution based on County proposal to keep additional 1%. In addition, her report outlined Legislator Gray's proposal and the increase in distribution. Mrs. Corriveau also outlined the distribution based on City population and the increase based on that population. Her calculations also took into consideration if the County needed 50%, 48%, 45% or 42% of the total distribution.

Mayor Graham discussed the 1969 agreement and the minutes from the Council meeting at that time. He stated that when the new agreement was made at that time it was based on the fact that the County needed money to cover the cost of medical assistance payments.

Mrs. Corriveau reviewed the airport information, which was also in Council's packet. She explained that the \$600,600 outstanding principal balance doesn't include four capital items in the 2004-05 budget. The debt service payout schedule is approximately \$96,000 a year. She also explained that the FAA's payment contribution has increased from 95% to 97.5%.

Mayor Graham returned to the sales tax discussion and outlined the percentages in 1969 compared to the percentages today as well as the County's proposal. He stated that this is an issue of imposing \$13million in new taxes. He stated that there is a level of tax tolerance and if the new sales tax monies go exclusively to the County, the communities within the County would need to impose property tax increases. He stated that there

comes a point where the citizens will not stand for any more taxes. He remarked that there are equity issues out there. He also commented that the towns and village have no agreement with the County. They know that if the City is successful in obtaining an equitable distribution, they'll come along for the ride.

Mayor Graham commented that the nature of the 1969 agreement referred to the County and the City "sitting down" to discuss the issue. He stated that this time, no one is sitting down discussing the issue. He referred to the draft of a letter that he had prepared to send to Chairman Thomas and the County Legislators. He asked for Council input concerning the letter. He commented that he would hope in tomorrow's meeting that a framework for future discussions could be set up. He stated he would hope that the County would delay the resolution on Tuesday until all the questions could be answered. He also commented that the desire to support a no distribution change agreement is not universal.

Councilman Clough referred to the second page of the letter and remarked that we cannot speak for the towns and villages.

Mayor Graham stated that the portion of the sentence that refers to that could be deleted.

Councilwoman Burns commented that she was not convinced that it was the City's position to even send a letter out. She stated that it is not the City's decision to increase sales tax. If the County was to pass a resolution, she questioned if they would be required to hold a public hearing, at which time the Town Supervisors and Village Mayors could speak. She also commented that once the County has made a decision, the City can then determine what role they can play in the process.

Mrs. Corriveau explained the method for Home Rule and a public hearing.

Mayor Graham commented that Legislator Burto's offer to take the airport was gracious and well intended. However, those discussions were already underway and should not affect the sales tax issue. He also commented that he appreciated Legislator Gray bringing the distribution issue to the floor.

Councilwoman Burns responded that she understood that the resolution didn't touch the subject of distribution. However, everyone is aware that there will be an amended resolution on Tuesday night. Therefore, it doesn't make sense to send the proposed letter.

Councilman Clough asked Mrs. Corriveau to explain the other updates in the packet.

Mrs. Corriveau explained that one report concerns Medicaid reform proposals. The other is an article concerning proposals for new pension formula contributions. She explained that now the City pays 4.5% of each employee's salary. Starting in December 2004, the fee will be 11.5 % for non-police and fire employees and 15.2-16.3 %for police and fire employees.

Alteri's Award

Councilman Clough asked that the Mayor have a certificate prepared for tomorrow evening's meeting for Alteri's Bakery in recognition of an award that they received in Albany.

Mayor Graham referred to the sign issue whereby the Salvation Army originally objected to a sign being placed near the intersection of Arsenal and Waterman Drive.

Councilwoman Burns remarked that she appreciated the efforts of Mayor Graham in dealing with this issue.

AT THE CALL OF THE CHAIR MEETING WAS DULY ADJOURNED AT 2:46 P.M.

Donna M. Dutton

City Clerk